

## INTERNATIONAL CITY MANAGERS' ASSOCIATION

1313 EAST 60TH STREET - CHICAGO 37, ILLINOIS

Report

100 May-'52

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### MANAGEMENT POLICY ON EMPLOYEE RELATIONS

What are the principal causes of friction between management and employees, and what steps should be taken to develop a positive employee relations program?

An organization chart on the wall of the chief administrator's office does not prove the existence of good employee relations, let alone operating efficiency. Statutes, charters, ordinances, and regulations provide only the legal framework within which personnel management operates. Beyond this the chief administrator of a city has the positive and continuing job of developing good working relationships with all city employees.

In some respects the job is more difficult than in the field of private employment because of statutory restrictions on governmental personnel policies. In the first place, public employees are severely limited if not prohibited from striking. Second, not all public employees have the right to affiliate with labor unions. Third, collective bargaining as the term is technically understood in private labor-management relations, does not exist in the public service, although this does not preclude collective negotiation between management and employee representatives. Finally, the closed shop and the union shop in public employment are almost unknown except for building trades jobs in some of the larger cities.

In theory governmental employees are compensated for these restrictions by extra advantages of public employment including longer vacations, liberal retirement benefits, and greater job security. These benefits are important enough, but they do not comprise more than part of the answer for employee relations. Other factors of intangible nature are of even greater importance. They include recognition of the employee as part of a working group, his status in the group, his feeling (or lack of feeling) of participation and individual contribution towards the work done by the city, and his feeling of belonging in a social sense to the group of employees with whom he works.

This report discusses the nature of public employees unions, the problems of strikes in the public service, and the elements of a positive employee relations program.

The Nature of Unions. One of the most obvious facts in the field of employee relations is the rapid growth of public service unions in recent years. Four general types of such unions can be distinguished. First, the professional organization in which membership is on an individual basis but which has little effect on working conditions in particular municipal services. Examples include organizations of social workers, doctors, public health nurses, civil engineers, and other professional groups.

Second, unions in the building trades that are common to both public and private employment. These are mostly organizations of plumbers, electricians, painters, carpenters, and so forth, affiliated with the American Federation of Labor.

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Such unions have most of their members in private employment and will tend to use private employment practices in dealing with management. These unions are interested principally in seeing that their public employee members have wage rates identical to those negotiated with private contractors, that jurisdictional rules among the various crafts are observed, and that only union members are hired.

Third, general unions of governmental employees. Some of these organizations confine their membership to employees in a single city service, such as the Chicago Municipal Employees Society and the Los Angeles City Employees Association. Others are locals of nationwide unions such as the American Federation of State, County, and Municipal Employees (AFL) and the Government and Civic Employees Organizing Committee (CIO). Fourth are unions confined to a particular governmental occupational group such as firemen, policemen, and teachers. Many firemen, for example, are affiliated with the International Association of Fire Fighters (AFL). Locals of the last two types of unions are shown for individual cities over 10,000 population in the 1952 Municipal Year Book (Table VIII, pp. 140-170).

Union Objectives. The objectives of most governmental employee organizations are much the same as some of the objectives of private industry unions. The first objective is the bread-and-butter one of higher wages and shorter hours. Next is improvement of working conditions, including longer vacations, sick leave that can be accumulated to provide a hedge against serious illness, retirement systems where such plans do not exist, and more liberal retirement allowances where systems have already been adopted. Other fringe benefits are important, as for example paid holidays for policemen and firemen, and hospital and surgical insurance plans with the city paying at least part of the cost.

In addition, employees have a lively interest in questions of tenure, job status, and security. Organized employees are interested in a governmental career service although this interest often is limited to job protection and undue emphasis on seniority in promotions and layoffs. Political pressure often has gone to the undesirable extreme of placing undue restrictions on the chief administrator's powers of dismissal.

Operating Methods. In developing an employee relations policy, city officials should consider the operating methods of employee organizations to see what means they use in working for their stated objectives. Most employee groups expect their gains to be made through legislation, education, and negotiation. Legislation means lobbying at the state legislature as well as the privilege of presenting a case to the city council. Education means not only keeping the membership informed on employee goals but also a public relations campaign to influence public opinion. Negotiation means representatives of employee groups working with department heads and the chief administrator to present their case for employee objectives.

Most groups of organized employees make some attempt to deal originally with administrators and supervisors in the adjustment of grievances or in the formulation of general personnel policies and regulations. Some exhaust every possibility of arriving at a settlement or agreement before taking their case to legislature, but others lose little time in taking independent action to obtain their immediate objective. In the latter case, where the organized employee group goes to the state legislature, there often is continuous conflict between the group and top management.



When employees go over the heads of the administrator to the community at large, to the state legislature, or to the courts, the result is that salaries are fixed by vote of the people or by legislative act, an unsound retirement plan is forced on the city, and personnel matters are settled by the courts. Employees in such cities also may threaten to strike or actually go on strike, often indicating thwarted attempts by employees to negotiate with their superiors. Thus a negative employee relations policy, or the lack of any policy at all, seriously affects the efficiency of the public service because of the decline in employee interest and enthusiasm for doing a good job.

The Problem of Strikes. The problem of strikes is one which will be with city officials for a long time to come. State statutes, such as New York's Condon-Wadlin law, a number of city ordinances, and governmental union constitutions condemning or prohibiting strikes have not prevented 50 strikes of city government employees in the last three years.

Twenty-three cities over 10,000 population reported strikes of city employees in 1951. In most of these strikes the sole or principal objective was higher pay and the employee group involved usually was hourly paid, unskilled labor (see the article "Analysis of City Employee Strikes" in June, 1952, Public Management). Actually, the causes of strikes are much more complex than overt demands for higher pay, shorter hours, union recognition, and so on. They indicate a deep resentment of city personnel policies and an aggressive desire to "belong" and to have recognition and status.

It is difficult, for example, for an employee to be an interested part of the city service when he is carried on an hourly paid basis even though he works full time. Some cities have carried employees on an hourly basis for many years. As far as the work is concerned they are permanent, but they do not have vacations, sick leave, and other benefits of "regular" employees. MIS Report No. 10 (March, 1946) describes the methods of changing hourly and daily rated employees to an annual salary basis.

All four national organizations of local government employees prohibit or strongly discourage strikes, by any of their union locals. The American Federation of State, County and Municipal Employees discourage strikes and requires a no-strike pledge from its police locals. The constitution of the United Public Workers of America outlines the procedure a union local must follow in taking a strike vote. The strike is not authorized until it has been sanctioned by union headquarters after a thorough investigation by national representatives. UPWA policy is directed towards education, legislation, and negotiation. The International Association of Fire Fighters flatly prohibits any strike. MIS Report No. 21 (July, 1946) outlines the purposes and methods of operation of these three national organizations. Locals of the Government and Civic Employees Organizing Committee--CIO may not go on strike against city governments unless such strikes are authorized by the headquarters of the Committee in Washington, D. C. The headquarters generally helps locals to iron out difficulties in order to prevent strikes but during the past year has authorized several city employee locals to go out on strike.

Prohibitory laws will not prevent government strikes, but they will guarantee a feeling of ill will on the part of employees that management will never overcome. A section in the personnel rules that allows some discretion in dealing with unauthorized absences is sufficient (see p. 102 of MIS Report No. 41). Strikes will occur despite prohibitory laws because prohibiting strikes, needless to say,



does not get at their causes. Instead, strikes may be prevented by the positive steps taken by management to eliminate the causes of strikes, specifically communication between management and employees, equitable pay and working conditions, and grievance procedures.

If a strike does occur, the chief administrator first should list all points of contention to see what compromises are possible on both sides. He should be prepared as far as possible to have specific proposals as a counter-measure to employee demands. Second, he should invite employee and union representatives to meet with him and other city officials for bargaining. Employees and their representatives should be given every chance to talk as long as they like without interruption. No one wants to admit publicly that he was wrong. Therefore the administrator should work for a compromise where both sides can take credit for having settled the strike.

If these methods fail, mediation is still possible even though this has been used but rarely in government service. A recent Minneapolis strike of public school employees was settled through a mediation committee appointed by the governor. A wage dispute in Escanaba, Michigan, in 1949 was settled with the help of a commissioner of the state labor mediation board. As part of the settlement the city agreed to revise and clarify its civil service rules and make copies of the rules available to all city employees in pamphlet form.

Developing an Employee Relations Policy. The initial job of formulating a policy for employee relations rests largely upon the chief administrator. His goal as far as possible is participation by all employees, not only in matters directly affecting their working conditions but also in various activities carried on by city departments. Participation is a global term which can be reduced to reality for most cities by the four principal methods discussed below.

1. Channels of Communication. A merit system ordinance, personnel rules, labor-management agreements, employee newsletters, and other devices will not succeed in full if management and employees do not have at least some notion of the other's point of view. When a tentative personnel ordinance or set of rules, for example, has been prepared, copies should be distributed to employee groups for comments, criticisms, and counter-proposals. Management should encourage full discussion, and both sides may have to compromise on some points. The procedures for drafting and adopting a merit system ordinance and personnel rules are described in MIS Reports No. 40 and 41 (July and August, 1947).

In addition to formal ordinances and rules, management should define the policies of the city concerning employee training, suggestion systems, service ratings, hours of work, grievance procedures, and other matters directly affecting all employees. These policies should be in writing and should be in plain, simple language. An employee handbook is the best place to put this information, and a copy of the handbook should be given to every city employee.

Finally, rank-and-file employees must be convinced that the chief administrator, his immediate staff, and city department heads are sincere in trying to improve working relationships for all city employees. This idea is stated another way in a recent book on the social setting of private corporations: "Only with trust can there be any real communication, and until that trust is achieved the techniques and gadgetry of communication are so much waste effort. Study after study has pointed to the same moral: before employees will accept



management "facts," they must first have over-all confidence in the motives and sincerity of management. And, obversely, those companies whose day-in-day-out actions have made for that confidence are precisely those companies that need to worry least over techniques." (from Is Anybody Listening? by William H. Whyte, Jr., Simon and Schuster, Inc., 1952).

It has been stated many times that a two-way street is needed for this exchange of information in gaining better understanding. Management needs to take positive steps to keep employees informed on all phases of the work of the city. An aggressive willingness on the part of management to share information on city finances, the budget, services, plans for the future, reasons why certain things cannot be done, shows that management wants to take the employee into its confidence. Many employees frankly will not be interested in these matters, but the information is there for those who want it and a cause for suspicion is removed. MIS Report No. 60, "Methods of Keeping City Employees Informed," describes the principal methods of transmitting information to employees.

On the other hand, employees need opportunity to ask questions and to discuss matters of personal concern as well as to receive various kinds of information from above. Because first-line supervisors have the most contacts with employees, the department heads and the chief administrator can use these supervisors as a principal channel for receiving information from employees. City employees usually look to their immediate supervisor for information and for settling questions which arise. The first-line supervisor is the most important asset of management. If the supervisor is kept informed at all times of management decisions affecting employees, he in turn can keep employees informed, answer questions, and point out the reasons for the decisions. It is surprising how cooperative employees can be when they know in advance the reasons for a change in policy.

2. Classification, Pay, and Conditions of Work. Even with all channels of communication wide open, disagreement still will occur if management is not realistic in providing an equitable basis of employment. Such a basis must be internally consistent with respect to duties and responsibilities of various positions and comparable as far as possible with conditions in outside employment both in private industry and in other governmental agencies. An example is the trend toward the five-day week for general office and clerical personnel. This trend has been going on for a number of years in private industry and has slowly been adopted by city governments. The 1947 Municipal Year Book, for example, showed that only 5 per cent of the cities over 10,000 population had a five-day work week for city hall employees. The 1952 Year Book (pp. 132-134) shows that 26 per cent of the cities over 10,000 population have a five-day week.

The most important element in internal consistency is the development of sound position classification and pay plans. The position classification plan is essential to assure "equal pay for equal work" while periodic salary surveys are essential to keep city government salaries on a par with pay in the area in private employment and other governmental jurisdictions. As mentioned above, the placing of most if not all employees on a salaried status with regular employee benefits prevents division of employees into those who belong and those who do not belong. Paid vacation and sick leave and retirement plans are quite prevalent in municipal government, but other fringe benefits are now coming to the fore, including hospital and surgical insurance, definite provisions for overtime pay, and development of general recreation and welfare programs for city employees. City officials can make general comparisons with many working conditions by

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comparing practices of their city with data shown in the personnel section of the 1952 Municipal Year Book and by obtaining firsthand information from private and public employers in the area.

3. Employee Representation. Five general policies are open to the chief administrator for dealing collectively and individually with city employees. At one extreme the chief administrator may insist that employees deal with management on an individual basis. Such a policy opposes the formation of employee unions. The obvious drawback to this policy is that it encourages employees to exercise their rights as citizens and to resort to political influence with the state legislature and the city council.

A second type of policy tries to establish employee representation under official supervision or guidance. This plan almost always meets with employee distrust because it can easily become a "company union" which is dominated by management. Many employees feel this is a blind alley instead of a two-way street.

A third type of relationship deals with either individual employees or union representatives, accepting unions as representing their own membership but not as speaking for any unorganized employees. Such a plan generally is satisfactory to many cities and is being adopted by an increasing number of local governments.

A fourth approach is the policy of dealing with employees as much as possible through employee organizations. The employees may choose an agent to represent them before management by majority vote, or a certain occupational group of employees may choose to be represented this way.

Finally, at the opposite extreme is a policy of employee relationships only through a closed shop or a union shop which grants sole bargaining power to some union in each organization and requires that all employees be affiliated with that union. There are no formally recognized cases of the closed shop in municipal employment and very few of the union shop.

Local traditions and practices prevailing in private industry must be given considerable weight in establishing a city policy on dealing with employees. In an industrial city where unions are strong in private employment, employees will prefer some degree of union representation. No matter what plan is adopted the employee should have recourse to management as an individual.

Officials in a number of cities conduct relations with employee unions. These relations range from an unwritten understanding to a duly signed and witnessed contract. In between there may be, in increasing order of effectiveness for the union, a memorandum or a written statement by a department head or the chief administrator, a letter to the union from the department head or chief administrator, a change in personnel regulations brought about as a result of conferences with union representatives, a city council resolution, and a city ordinance.

Actual collective bargaining contracts which are so common in private industry are rare in municipal government for a variety of legal reasons. Nevertheless, agreements with unions in the form of declarations of policy are possible and in many cases desirable. Union security depends basically upon recognition in the broader sense of the word so that the organization can have a position of importance and the employee in turn can have the satisfaction of status.



Union agreements on policy declarations typically cover a period of one year and call for renewal for a second year unless either party, 60 days before the expiration of the agreement, notifies the other party that it desires to renegotiate the agreement. Some provide for a check-off of union dues and cover the work day, the work week, overtime, holidays, vacations, and the level of salaries and wages. In many cities these matters are covered in personnel ordinances and rules.

Cincinnati, Ohio, provides an example of an agreement adopted by the city council resolution (see supplement to this MIS report, p. 657). The agreement covers salary and wage provisions and stresses the fact that the city shall relate salaries to comparable wage rates in the area, the consumer's price index, and other salary criteria. Collective bargaining is defined in the resolution as the process by which city employees and the city manager "shall make every effort to reach an agreement on all matters through negotiation". The agreement further provides for a fact-finding board to review contested points and make recommendations to the city council on any points set forth in the agreement. Nothing in the Cincinnati agreement prevents any employee from dealing individually with his immediate supervisor, the department head, the city manager, or the city council.

Where employee groups have been organized, they should be received as normal participants in administration. This generally is all that need be involved in "recognition". Management should not put pressure on individual employees to join a particular organization, nor should management try in any way to hinder the formation of unions. It is recognized that this is unpalatable in view of the sorry record some unions' locals have made in impairing the efficiency of city services. It is further recognized that management often will be expected to deal with organized employees only through their union representatives.

A helpful step in union relations are regularly scheduled meetings of union representatives, department heads, and the mayor or city manager to discuss labor policy matters generally. In this way labor can be kept abreast of management problems and thinking. Difficulties can be met and resolved before they become serious issues.

4. Grievance Procedures. A grievance is an employee's expressed dissatisfaction with some phase of his job or relations with others on the job which is outside his control. For purposes of this report, grievances do not include suspension, demotion, and dismissal; a formal appeal procedure is usually provided for these actions.

Almost all cities that have grievance procedures rely on the traditional method of using administrative channels. The employee appeals first to his foreman and then through successive levels of the administration to the chief administrator. Employees sometimes are at a disadvantage under such a procedure for fear of job reprisal, and an advisory personnel board or employee-management council can help by giving him a measure of protection and assistance outside of the regular organization.

Some cities may go even further by encouraging employees to select a grievance representative for each working unit. The employee would present his grievance to his representative if he wishes, and the representative would go with the employee to present the grievance to the foreman or other first-line supervisor. This plan has the distinct advantage of making it easier and less embarrassing for the employee to present his grievance.

Grievance procedures are considered of great importance in collective bargaining contracts in private industry. Such collective bargaining contracts usually cover basic questions of wages, hours, working conditions, employment, discharge,

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and re-employment and leave other issues to be settled by grievance procedures, such as the application of seniority to layoff, promotion, and transfer, and disciplinary questions. Most of the agreements provide specific steps for presenting grievances and are especially specific in stating that the employee or his representative shall be present at every step in the appeal process from the foreman to the president of the company. Many labor-management contracts provide that the grievance must be stated in writing at some stage to discourage petty grievances and to bring a more careful description of the facts.

The exact and legalistic details of such agreements in private industry are not appropriate for government service, but the personnel ordinance and rules can provide the policy framework. The employee handbook for Pasadena, California, suggests that an employee take his grievance first to his immediate supervisor and then "up the line" to the department head. If he still is dissatisfied he can go to the city personnel director and then to the city manager. In an effort to reassure the employee, the manual states further, "If the problem you have to talk about is an unusual one, and you prefer not to discuss it with your immediate supervisor, you may go directly to your department head or the Personnel Director first."

The personnel ordinance for Santa Monica, California, provides that an employee may take a grievance to his immediate supervisor. If not satisfied, the employee can go direct to the department head. If the employee still is dissatisfied he can take his case to the city personnel director. The personnel director in turn must confer with the employee, the department head, and any other interested parties and submit recommendations to the city manager. The manager's decision is final and must be in writing.

In practice grievance procedures may vary with the kinds of departments and occupational groups involved. Informal consultation will suffice for a small group of city hall employees in the finance department. More formal methods of receiving and recording grievances may be necessary for a large public works department with employees working in different parts of the city. The personnel director can help in developing such plans and in advising the chief administrator on specific grievance cases.

Although no ready-made formula exists for developing an effective grievance plan, some generally recognized principles have developed from experience with grievance plans in both private and public employment.

1. The successive steps in the grievance procedure should be as few and as direct as possible.
2. The grievance should be settled as near as possible to its point of origin.
3. When formal grievance machinery is involved, the grievance should be put in writing.
4. No employee should be penalized for using grievance machinery.
5. Grievances should be acted on promptly.
6. Employees should be free to present grievances through representatives of their own choosing.
7. Employees should be fully informed about the grievance plan, especially about where and to whom grievances should be presented.

Note: Grateful acknowledgment is made to several public officials and consultants who reviewed the tentative draft of this MIS report and made many useful suggestions: George E. Bean, city manager, Grand Rapids, Mich.; J.J. Donovan, associate director, Civil Service Assembly of the United States and Canada; Russell E. McClure, city manager, Dayton, Ohio; Rollin B. Posey, chairman, department of political science, Northwestern University; and Donald C. Wagner, executive director, Greater Philadelphia Movement, and former city manager, Yonkers, N. Y.



POLICY ADOPTED BY CITY COUNCIL OF CINCINNATI, OHIO,  
IN DEALING WITH UNIONS OF CITY EMPLOYEES

Cincinnati, Ohio, has had long and successful experience in developing a municipal policy in dealing with unions of city employees. These policies and practices, however, had never been specifically enacted into an official city council action until 1951. As an outcome of a joint request by six city employee unions for a written contract, which is adjudged illegal in Ohio, the unions instead negotiated with the city manager for a formal statement of city wage policy, which was adopted by the city council on December 5, 1951, in the form of a resolution. The resolution incorporated nothing that the city was not already actually doing, except for the provision of a fact-finding board to be used in the event of management-labor disagreement. There has been no call for the use of such a fact-finding board to date, with the result that there is no experience in this regard.

Resolution Declaring a City Wage Policy

Whereas, it is the accepted duty of the Council of the City of Cincinnati to provide a just and adequate wage, and fair working conditions for the employees of the City of Cincinnati, to the degree that no citizen receive advantage or suffer disadvantage by accepting municipal employment over private employment; and

Whereas, it follows, then, that the establishment of such just wage and fair working conditions cannot be predicated on the financial status of the city, but rather that the city's finances shall indicate only how many employees shall be hired at these proper rates; and

Whereas, the city has recognized the appropriate unions and established employee organizations as agents for bargaining with the city in the derivation of such rates and conditions; now, therefore,

Be It Resolved by the Council of the City of Cincinnati, State of Ohio:

That it shall be the policy of the Council of the City of Cincinnati through the City Manager and his designated assistants, to bargain collectively with city employees, their Unions, or other authorized representatives, on all matters pertaining to wages and working conditions before any final determination is made by City Council.

Collective bargaining shall herein be defined as the process whereby city employees, their Unions or other authorized representatives and the City Manager and his designated assistants shall make every effort to reach an agreement on all matters through negotiation. If an agreement cannot be reached, the representative of any group of city employees involved may request a fact-finding board to examine and report upon such factional question as may be in dispute for the purpose of guiding negotiations to a satisfactory conclusion. This board shall be comprised of one member from the affected employees' group, one member designated by the City Council and a third member to be selected by these first two members.

That the items upon which the collective bargaining shall be based shall be:

1. Cost of living data.

- (a) Overall consumers price indices as furnished by the Bureau of Labor Statistics for the latest complete twelve month period.
- (b) Bureau of Labor Statistics food indices for the latest twelve month period

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available at the time of negotiations.

2. Improvement factors.
  - (a) Improvements in the standard of living.
  - (b) Improvement in efficiency of city service.
3. National and local wage surveys.
  - (a) Bureau of Labor Statistics "family of four" budget estimates.
  - (b) Ohio Bureau of Unemployment Compensation average wage rates on covered workers.
  - (c) Other acceptable surveys by responsible fact-finding authorities.
4. Relationships among the salary rates of the various classes of city employment.
5. Comparative salary data.
  - (a) Prevailing union wage rates for comparable jobs in local industry.
  - (b) List of local companies to be used for wage rate comparisons.
  - (c) Prevailing union wage scales in currently comparable cities where no local parallel exists for comparison of a job classification.
6. Such other items or issues as may be introduced during meetings or conferences with city representatives, if, at the time they are offered they are accepted as pertinent by both parties.

Passed December 5, 1951 A. D.

Carl W. Rich, Mayor

Attest: C. R. McHugh, Clerk